

Message Text

LIMITED OFFICIAL USE

PAGE 01 TOKYO 11385 290346Z
ACTION TRSE-00

INFO OCT-01 EA-07 ISO-00 PM-05 NSC-05 SP-02 SS-15 L-03
H-01 CIAE-00 INR-07 NSAE-00 DODE-00 EB-08 ABF-01
OMB-01 FS-01 /057 W
-----127621 290614Z /10

R 290329Z JUL 77
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 9718
INFO COMUSJAPAN YOKOTA JAPAN
CINCPAC HONOLULU HAWAII

LIMITED OFFICIAL USE TOKYO 11385

E.O. 11652: N/A
TAGS: MARR, EFIN, ABUD, JA
SUBJECT: US-JAPAN DISCUSSIONS ON YEN CONVERSION FOR USFJ.

REF: STATE 170368
STATE 172144

1. SUMMARY: EMB/USFJ PRESENTED U.S. THINKING REFTELS WITH RESPECT TO CHANGING PROCEDURES FOR PROCUREMENT USFJ AND OTHER US AGENCIES YEN REQUIREMENTS SO THAT YEN PURCHASES WILL BE REFLECTED IN MARKET. PRELIMINARY JAPANESE RESPONSE FAVORED FIRST ALTERNATIVE (MARKET PURCHASES) RATHER THAN SECOND ALTERNATIVE (BOJ RESALES INTO MARKET). CONSIDERED REPLY EXPECTED IN A FEW DAYS. END SUMMARY.

2. PER INSTRUCTIONS, EMB/USFJ HAVE PRESENTED TO MINISTRY OF FINANCE (MOF) OFFICIALS (INCLUDING TERUO HIRAO, COUNSELLOR, INT FIN BUR) ALTERNATIVES AND SCENARIO PROPOSED BY U.S. IN REFTELS. JAPANESE SAID THEY WOULD NEED TO CONSULT WITH OTHER OFFICIALS, AND WOULD HAVE A CONSIDERED REPLY TO U.S. PROPOSAL IN A FEW DAYS.

3. INITIAL JAPANESE REACTION TO VARIOUS POINTS WAS THAT: (A) THEY PREFER THE FIRST ALTERNATIVE (U.S. PURCHASES DIRECTLY FROM THE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 TOKYO 11385 290346Z

MARKET) TO THE SECOND (BOJ RESALE OF U.S. DOLLARS ACQUIRED INTO FOREX MARKET); (B) THEY HAVE NO OBJECTIONS TO OUR PROPOSED INTERIM ARRANGEMENT; (C) WHILE THEY THOUGHT U.S. COULD GET BETTER PRICE FOR YEN IN TOKYO THAN IN OTHER MARKETS, THEY COULD NOT REPEAT NOT OPPOSE DIRECT U.S. PURCHASE OF YEN IN WORLD MARKETS AND USE OF U.S. REGIONAL FINANCE AND DATA PROCESSING CENTER OR CENTERS; (D) JAPAN WOULD BE PREPARED IN SOME WAY (TO BE WORKED OUT) TO

ASSIST USFJ IN OBTAINING REQUIRED YEN IN UNLIKELY CASE FOREX
MARKETS WERE CLOSED.

4. MOF ASKED ABOUT FOLLOW-UP PROCEDURES IN JOINT COMMITTEE. U.S.
SIDE SUGGESTED THAT, IF JAPANESE CONTINUED TO REJECT BOJ RESALE
OPTION, AN INTERIM REPORT BE SUBMITTED TO THE JOINT COMMITTEE BY
THE FINANCE SUB-COMMITTEE INDICATING THAT THE U.S. WAS ADOPTING
THE INTERIM ARRANGEMENTS DESCRIBED REFTEL, WITH FORMAL FINANCE
SUB-COMMITTEE AND JOINT COMMITTEE ACTION TO BE POSTPONED UNTIL
DEFINITIVE ARRANGEMENTS ARE DEVELOPED. THE JAPANESE SIDE
TENTATIVELY ACCEPTED THIS PROPOSAL. FYI: OUR THINKING IS THAT BY
DEFERRING FORMAL ACTION IN JOINT COMMITTEE AND FINANCE SUB-
COMMITTEE, WE RETAIN A LITTLE LEVERAGE (WE THEORETICALLY LEAVE
OPEN BOTH REVERSION TO PRESENT PROCEDURES AND OPTION OF BOJ
RESALES) TO ASSURE THAT DETAILS OF DEFINITIVE ARRANGEMENT CAN
BE WORKED OUT SATISFACTORILY. AT SAME TIME, WE WOULD NOT
EXAGGERATE THIS LEVERAGE, SINCE THE PRESSURE WOULD BE HEAVY TO
STICK WITH INTERIM ARRANGEMENTS ONCE INSTITUTED. END FYI.

5. EMBASSY WILL REPORT CONSIDERED GOJ RESPONSE AS SOON AS IT
IS AVAILABLE.

MANSFIELD

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PROCUREMENT, YEN (CURRENCY)
Control Number: n/a
Copy: SINGLE
Sent Date: 29-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977TOKYO11385
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770271-1303
Format: TEL
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t1977072/aaaaabui.tel
Line Count: 84
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 89fb0d64-c288-dd11-92da-001cc4696bcc
Office: ACTION TRSE
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 STATE 170368
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 17-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1752004
Secure: OPEN
Status: NATIVE
Subject: US-JAPAN DISCUSSIONS ON YEN CONVERSION FOR USFJ.
TAGS: MARR, EFIN, ABUD, JA, US
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/89fb0d64-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009